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Scandal trapped CIA in 'Catch-22' — Gates

By Michael Hedges
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Robert Gates, President Reagan's nominee to become director of the CIA, testified secretly last December that the agency was "caught ... in a Catch-22 situation" in the Iran-Contra episode.

"We had the law telling us to stay the hell away from everything having to do with the Contras ... and yet now we are being held accountable for not knowing how they funded it," Mr. Gates said in describing the CIA's inaction when faced with mounting evidence of Iranian arms sales and subsequent diversion of proceeds to the Nicaraguan resistance.

The testimony, which was made in December during a closed session of the Senate Intelligence Committee, reveals that the CIA waited nine months after being told about the Iran arms sales before requesting a presidential finding authorizing the action.

Mr. Gates' statements that CIA leaders purposely avoided learning details of the diversion of funds drew sharp criticism at the December hearing.

Sen. William Cohen, Maine Republican, said the agency had engaged "if not in a conspiracy of silence, then a reluctance on the part of the agency to really pursue where this was all going."

That was not denied by Mr. Gates, who conceded that "when it came to funding of the Contras, agency people, from the director on down, actively shunned information."

Mr. Gates said he first heard about the arms sales to Iran in a Dec. 5, 1985, meeting with John McMahon, who at the time was Mr. Casey's top deputy. He said in late January of last year he attended a more detailed briefing on the arms sale.

"I must say I agreed in principle with the notion of an overture to the Iranians and trying to establish some channel of communication with the Iranians," he said.

But he had grave misgivings about the National Security Council's intelligence information they gathered from their Iranian contacts, he said.

"One that I remember that caused us considerable chuckles at the time was the fact that one of the entries [in NSC memos] was that on the 11th of February the Ayatollah [Ruhollah Khomeini] would step down from power," he said.

"While it looks naive in retrospect and was

silly at the time, the only thing I will say is that I believed that that part of the scenario was laid out by the Iranian interlocutors [and] not something that the NSC thought they had arranged," he said.

Concerns about the NSC operation did not prompt CIA intercession, Mr. Gates said at the time. Although the CIA was supplying aircraft and materiel used in the arms sales transaction, the agency did not seek a copy of a presidential finding authorizing the operation until early October — after the prospect was raised that funds from those arms sales may have been diverted to the Contras, according to Mr. Gates.

On Oct. 1, CIA analyst Charles Allen sent Mr. Gates a report saying he believed funds were being shifted from the Iran deals, and some of the proceeds may have been funneled to the Contras, according to a transcript of the December hearing.

"I was startled by what he told me," Mr. Gates said. "Frankly, consonant with the way we had responded to such stories in the past, my first reaction was to tell Mr. Allen that I didn't want to hear any more about it, that I didn't want to hear anything about funding for the Contras."

When Mr. Casey first viewed the report a few days later, Mr. Gates testified, "The director was as startled as I was." CIA officials then arranged a meeting on Oct. 9 with NSC aide Lt. Col. Oliver North, who has since been identified as the engineer of the arms sale and diversion of proceeds to the Contras.

"North made a very cryptic reference to a Swiss account and money for the Contras," Mr. Gates testified. He told the committee that Col. North "worked very hard to keep those separate" and there was no connection between the account and the funds for the rebel forces.

During the December hearing, Mr. Gates was repeatedly asked why the CIA did not report that information to Congress. He said then, as he testified Tuesday during his confirmation hearings, that the CIA did not have conclusive information.

"What we had were some bits and pieces, analytical judgments by one intelligence officer that there was some diversion of funds," he said.

"We had nothing more concrete to go on than that, and we didn't consider that very much to go on, although it was enough to raise our concerns to the point where we expressed them to the White House," he said.